

**PROJECT SUMMARY**

The Government of Sindh has received a loan of \$ 50 Million from World Bank for Sindh Public Sector Management Reform Project (SPSMRP), IDA Credit # 5584-PK. The Project is oriented mainly towards improving and strengthening upstream government systems, which are expected to ultimately imply better public policies and services, benefitting Sindh’s citizens. Direct beneficiaries of the Project will be government departments, particularly the officials of the Departments of Finance, Planning & Development, Sindh Revenue Board, Excise, Taxation and Narcotics Control, Agriculture, Education and Irrigation, Board of Revenue, Sindh Public Procurement Regulatory Authority, Energy, Works & Services Department. These include senior and middle management of the provincial administration and public servants. Lastly, improvements in procurement, development management, and tax collection are expected to increase Sindh’s fiscal space, reduce leakages, increase transparency and make more funds available for service provision.

2. The Overall objective of the project is to strengthen public sector performance through improved revenue generation and expenditure management. Following are the reform areas:

- i. Increasing Tax Revenue Mobilization;
- ii. Enhancing Performance of Public Financial Management Systems;
- iii. Strengthening of Public Procurement Performance;
- iv. Improving Management of the Development Portfolio.

3. The details of the major reform areas are given below:

**Increasing Tax Revenue Mobilization**

4. The objective of this sub-component is to increase the collection of the Sales Tax on Services (STS). It will support development, approval and publication of the Sindh Tax Revenue Mobilization Plan; institutional development of the Sindh Revenue Board (SRB) with enhanced staffing, increased automation, and improved auditing practices; and improved management with improving monitoring and evaluation and increased transparency.

**Enhancing Performance of PFM Systems**

5. This sub-component aims to strengthen PFM systems by improving budget formulation, execution and related oversight mechanisms. Interventions include: establishing internal audit mechanisms; increasing the use of the FMIS; improving debt management; and increasing transparency and legislative oversight in budget formulation and execution.

**Strengthening of Public Procurement Performance**

6. This sub-component aims to strengthen the public procurement performance by improving capacity of staff, improving monitoring and evaluation and enhancing **transparency**. The proposed interventions include: improving capacity of procurement professionals with certification; improving performance monitoring and transparency with a Management Information System (MIS); and improving competition, efficiency and transparency with an e-Government Procurement (“EGP”) system.

## **Improving Management of the Development Portfolio**

7. This sub-component aims to improve monitoring of the development portfolio. The project interventions include: the development of an ICT-based ADP monitoring system and publication of quarterly reports by the Monitoring and Evaluation Cell of P&DD for improved delivery of the development portfolio; geo-tagging of development schemes for improved spatial planning and quality of implementation; and proactively seeking feedback from identified beneficiaries of selected schemes.

### **Project Components for Disbursements:**

8. The project consists of two complementary components:

(i) Results-Based Financing based on Disbursement-Linked Indicators (DLIs) to provide an incentive for achieving eligible public sector management (“PSM”) reforms (US\$ 40 million), and (ii) Technical Assistance to support activities for achieving DLIs (US\$ 10 million).

### **The mechanism of disbursement is defined as below:**

9. Component # 1: Eligible Expenditure Programs (EEPs)-US\$ 40 million.

- Reimbursement of Eligible Expenditure Programs (EEPs)
  - ✓ *EEPs of FD, P&DD, ETD, BoR, SRB & SPPRA.*
- Disbursements are contingent on satisfactory achievement of Disbursement Linked Indicators (DLIs), supported by validation protocols.

10. Component # 2: Technical Assistance (TA Funds) US\$ 10 million (USD 5 million for SRB & USD 5 million for ERU including other stakeholders).

- Technical assistance consist of *technical consultancies and capacity building activities*, including trainings, seminars, conference participation, purchase of equipment, procurement and related activities to support (i) *Tax Revenue Mobilization*, (ii) *PFM Strategy*, (iii) *Procurement Reforms* and (iv) *Management of Development Portfolio*.

NOTE: **The Details of PDOs, DLIs & RIs is provided in Annexure I&II.**

## **Outline of TORs for Third-Party Validation (TPV) firm**

11. The progress and success in the achievement of Key Results and DLIs of the Sindh Public Sector Management Reform Project (SPSMRP), IDA Credit # 5584-PK according to the defined Project Development Objectives are to be reported to the World Bank, on an annual basis, by the Government of Sindh before the 30<sup>th</sup> June of each year. Before their submission to the World Bank, these results will have to be verified by a firm competitively recruited by the Economic Reform Unit, Finance Department, and Government of Sindh.

12. The TPV activity aims to verify the accuracy of PDOs, DLI and RI data reported by the responsible Government entities, which is essentially a performance audit. To conduct independent reviews/audits of the DLI data, the ERU, FD plans to enter into multi-year contract agreement with Consultants / Firms for undertaking the envisaged Third Party Validation of the defined project objectives and respective results.

### **Eligibility of the TPV firm**

- The firm should have experience of carrying such validation audits for donor-funded projects at national and international levels. The firm should have a website highlighting its major achievements.
- The firm should be in the approved panel of auditors of SBP with satisfactory QCR rating from ICAP.
- The firm should be registered with relevant tax authorities' i.e FBR and SRB for the provision of respective services.
- The firm needs to provide audited financials for the last 3 years.
- The key staff team members should possess relevant expertise and skills to carry out validation, recommended to be inclusive of resources that will combine skills of project management, data collection, data entry, data verification, data analysis, and reporting).

### **Scope of work for the TPV firm**

- The contract shall cover all the PDO indicators, the Disbursement Linked Indicators (DLIs) and Result Indicators (RIs).
13. The Specific Scope of Work for the Consulting Firm is as under:
- Firm will place dedicated resources for carrying out third party data verification of results reported by the responsible implementing entities for each of the following project indicators: Project Development Objectives (PDOs), Disbursement Linked Indicators (DLIs) and Result Indicators (RIs) as per the project's Results Framework in the Project Appraisal Document (PAD).
  - Firm will appoint a project manager who will be responsible for coordination of all third party validation activity and serve as the point of contact for ERU, FD.

- The firm will verify the accuracy of data provided by the responsible entities on the progress towards the targets of each indicator based on the definitions, metrics, and verification protocols for the DLIs/RIs/ PDOs specified in the PAD ;
- The firm will design and conduct data quality assessments and report on the validity of the results reported by the implementing entities, identifying any deviations from the annual targets specified by the results framework in the PAD.
- For the verification of the targeted results for DLIs 2 and 3 related to the SRB, which in years 2 and 3, require “third party review” of the SRB’s staffing plan and automation plan respectively, the firm will need to verify whether the content of these documents include the required elements for these indicators, as specified in the results framework of the PAD. The firm is not required to conduct a qualitative review of the staffing plan or the automation plan of the SRB.
- The firm will submit draft annual reports to the ERU, FD on actual the results of the data verification for each of the indicators. The firm will revise the draft reports to address any ERU comments, which will subsequently, be submitted by the ERU to the World Bank to confirm the achievement of results reported by the responsible entities.
- The firm will submit the first validation report by 31st of August 2017. The firm will have to familiarize itself intimately with the project between March and August 2017.
- The contract will cover the progress of the project firstly, for the initial three years – FY 2014-15, FY 2015-16 and FY 2016-17 and subsequently for the FY 2017-18 and FY 2018-19, respectively– with exit clauses in case of no performance.

14. Coordination Responsibility:

The consulting firm will report to the Project Director (Sindh Public Sector Management Reform Project) or any other staff designated at the Authority. All work must be approved by the Project Director or the designated staff.

15. The firm will be practical and sensitive to the capacity of implementing entities to report data to ERU, FD, as well as to the confidentiality requirements of government departments for sharing data.

16. The firm will be expected to guide and assist the implementing entities in preparing their data sharing patterns for the project activities.

## Short listing Criteria for selection of firm against EoIs

- |   |          |
|---|----------|
| • Qualification & Accreditation of the Firm     | 10 Marks |
| • Work Experience of the Firm                   | 30 Marks |
| • Over all managerial capacity of the firm      | 30 Marks |
| • Proposed Work Plan, Methodology and Timelines | 30 Marks |

**Total Weight age for Evaluation Criteria** **100 Marks.**

Minimum Score required for passing the Criteria. **60 Marks.**

### Timelines & Deliverables

17. The ERU, FD envisages this as an ongoing contract, renewable on an annual basis. The initial contract will be for a period of 06 months from March 2017 to August 2017. The contract will be carried over to validate the results of the next FYs, respectively.

**The Specific Deliverables from this assignment are as follows:**

Tasks	Frequency	Deliverables	Overall FY (First 3 Year)
1. Provide evidence based data verification methodology to set the scale for multi-year validation activity	After One month of Signing of Contract After One Month	<ul style="list-style-type: none"> <li>• Analysis of the project.</li> <li>• Involvement of Implementing Agencies</li> <li>• Effective mechanism for credible data quality assessment..</li> </ul>	<b>First Validation Report (After 4 Months)</b>
2. Design reporting formats for firms own monthly progress reporting to ERU, FD as well as for providing monthly and quarterly progress updates on project activities	After Two months	<ul style="list-style-type: none"> <li>• Provide qualitative information and involvement updates on running projects</li> <li>• Submit a progress report on the firm's own activities.</li> </ul>	
3. Check, Verify. Analyze, Validate the accuracy of data submitted for Disbursement Linked Indicators, Result Indicators and PDOs.	After Three Months	<ul style="list-style-type: none"> <li>• Data</li> <li>• Evidence</li> <li>• Quarterly progress updates</li> </ul>	

4. Submit a Initial Validation Report for all DLIs, IRI and PDOs data accuracy.	After Four Months	<ul style="list-style-type: none"> <li>• Conforming to the Scope of Work for the activity.</li> <li>• Evidence-based results with credible data quality assessment.</li> </ul>	
5. A Final Validation Report for First Three-Years of the Project	After Six Months	<ul style="list-style-type: none"> <li>• A Consolidated Data Validation Report for the First Three Years of the Project, covering all DLIs, IRIs and PDOs.</li> </ul>	<b>Final Validation Report (After 6 Months)</b>
6. Reports for Fourth and Fifth FY of the project i.e SPSMRP.	Before August, 2018; Before August 2019	Consolidated Reports for the Years with Validation methodology, data quality assessment for accuracy of results submitted against DLIs, IRIs and PDOs.	<b>Report for Fourth &amp; Fifth Year</b>
7. An overall project validation report for the whole tenure of the project.	Within One Month after End of Project	This shall result in determining any deviation in the results achieved and reported and validate the actual disbursements against the project DLIs, IRIs and PDOs.	<b>End of Project Report</b>

The Project Development Objectives, Result Indicators, Disbursement Linked Indicators (DLIs) and the proposed methodology of validation is described as under:

### **Validation of PDO Level Results Indicators**

**Indicators for measurement are as follows:**

#### **PDO 1:**

24. The first Project Development Objective is to increase the collection of Sales Tax on services (STS) for the province of Sindh. The baseline of collection was set and subsequent increase, in percentage terms, were set as targets for the project years. The premise is to generate provincial revenue and have greater financial independence and spending power after the passing of 18<sup>th</sup> amendment and NFC awards, granting provincial autonomy.

25. The responsibility of collection of Sales Tax on Services lies with Sindh Revenue Board (SRB), an autonomous body in itself. The SRB is liable to provide data on its collection over the last three financial years and respective growth during the period against the set targets.

#### **PDO 2:**

26. The second Project Development Objective is to improve the credibility of the budget. The objective is to minimize the variance between the projected and actual budget figures (budgeted and actual expenditures). The Finance Department is responsible for bringing greater credibility to the budget with more efficient recording, reporting and transparency.

27. The data in this regard can be obtained from the Finance Department. The targets for the PDO are set against a baseline with respective improvement for every FY indicated, in percentage terms.

#### **PDO 3:**

28. The third Project Development Objective is to reduce the time taken to process procurement contracts. Since the public sector procurement takes a lot of time, with involvement of various procedures and documentary requirements, the objective is to minimize the time period for procurement to for greater efficiency, transparency and value for money of the public expenditure. It is desired to introduce more IT based systems, using e-modules, for smooth and effective procurement. Furthermore, the need is to train more people in the public sector procurement for achieving maximum results out of the allocated resources. The Sindh Public Procurement Regulatory Authority (SPPRA) is responsible for implementing reforms in this regard and ensures that contracts provide the best time and monetary value in the use of public funds.

29. The data in this regard can be obtained from the SPPRA. The targets for the PDO are set against a baseline with respective improvement for every FY indicated, in percentage terms.

❖ Details of all three PDOs are attached at **Annex-I**.

## **Validation of the achievements of Disbursement Linked Indicators:**

**Indicators for measurement are as follows:**

### **DLI 1:**

30. The first Disbursement Linked Indicator is approval and initial implementation of Sindh Tax Revenue Mobilization Reform (STRMP). The baseline was established as and respective targets were set for the FYs covering the tenure of the project. The responsibility for the achievement of the DLI lies with SRB and all related documentation is available with them in this regard.

### **DLI 2:**

31. The second Disbursement Linked Indicator is Enhanced SRB human resources capacity for administration. SRB was established as the major tax collecting agency for the province of Sindh, after the passing of 18th Amendment and subsequent NFC Award, responsible for collecting Sales Tax on Services (STS). It is important to equip it with the best available human resource to keep its performance at optimum levels. SRB is expected to devise a staffing plan with effective training and growth methodology, to allow it to expand its capacity and achieve maximum revenue collecting benefits for Sindh. A baseline is set in this regard with respective improvements over the FYs covering the tenure of the project. The responsibility of achieving the DLI lies with SRB and it may provide details of the progress.

### **DLI 3:**

32. The third Disbursement Linked Indicator is increased automation of SRB systems. The premise behind this is to establish an integrated system for unique tax payer identification, establish linkages with other agencies and generate automated notices for compliance of tax payments. SRB will be able to improve administration of tax regime for the province with an automated system that provides greater transparency and ease of access to ensure compliance. A baseline was set for the purpose with respective improvements over the FYs covering the tenure of the project, in percentage terms. The responsibility of achieving the DLI lies with SRB and it may provide details of the progress.

### **DLI 4:**

33. The fourth Disbursement Linked Indicator is Implementation of risk-based audits of taxpayers. The idea is to establish a system with criteria based on risk-levels for carrying out tax payers audit and conduct fraud investigations. SRB promises ability to execute such activity and thereby, a baseline is established with subsequent improvements in the process set as targets, over the course of the project. The responsibility of achieving the DLI lies with SRB and it may provide details of the progress.

### **DLI 5:**

34. The fifth Disbursement Linked Indicator is Establishment of internal audit function in government of Sindh. This is important to bring more transparency and create an atmosphere of accountability of the public spending in different government departments. The Finance Department is the main stakeholder in this regard which is responsible for conducting its own internal audit and subsequently, expand it to other departments of the province over the course of



project. Any information in this regard may be obtained from concerned sections in Finance Department.

**DLI 6:**

35. The sixth Disbursement Linked Indicator is Transparency in budget formulation, allocation and execution. The argument is to bring greater credibility to the provincial budget with a defined strategy, improved forecasting, prudent allocation to ensure effective implementation. It also promises to foster relation between the provincial political administration and the executive as it presents efficient ideas for execution of plans according to respective allocation to achieve greater budget integrity. The Finance Department is the main stakeholder in this regard which is responsible for preparing budget strategy papers (BSPs) for every FY along with respective quarterly budget execution reports (BERs) and get them approved from competent authorities. A baseline is set in this regard with respective improvements in process suggested as targets over the course of the project. Any information in this regard may be obtained from concerned sections in Finance Department.

**DLI 7:**

36. The seventh Disbursement Linked Indicator is the Certification of Procurement Officials. As public sector procurement is transforming as an important facet of bringing cost-effective improvements to public spending, there's a need to train procurement officials to carry out any reforms. There's a dearth of training mechanism for procurement on the national level so it's important to establish such a system. Sindh Public Procurement Regulatory Authority (SPPRA) was established to ensure compliance of rules and regulations for all procurement activities in the province. It was felt that there's an immense need to improve on the skills of procurement officials to ensure better utilization of public funds as procurement amounts to approximately 20% of GDP. A baseline was set for the purpose with respective development of certification action plan and increase in certifications over the FYs covering the tenure of the project, in number terms. The responsibility of achieving the DLI lies with SPPRA and it may provide details of the progress.

**DLI 8:**

37. The eight Disbursement Linked Indicator is "Quarterly departmental development plan monitoring reports prepared and published". This Indicator is linked to Annual Development Plan (ADP) schemes undertaken by the Planning & Development Department, Government of Sindh. The principle is to establish a system for improved monitoring of the ADP schemes, in terms of time, quality and cost to achieve maximum value from the public spending. The P&DD may facilitate development and integration of a dashboard system to effectively monitor schemes for all concerned departments in Sindh and publish the reports, accordingly. A baseline in this regard has been established with respective progress over the course of project set as targets, in number terms. The responsibility of achieving the DLI lies with P&DD and it may provide details of the progress.

38. The respective price of the Disbursement Linked Indicators, over the period of the project is as under:

**Pricing of DLIs**

Price in US \$

S.No	DLI	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total
1	Approval and initial implementation of Sindh Tax Revenue Mobilization Reform Plan	10					10
2	Enhanced SRB human resources capacity for administration	2	0.5	1	1	0.5	5
3	Increased automation of SRB	2	0.5	1	0.5	0.5	4.5
4	Risk based audits of taxpayers implemented	1	1	1	0.5	0.5	4
5	Establishment of Internal Audit	2	1	0.5	1	0.5	5
6	Transparency in budget formulation, allocation and execution	1	1	0.5	1	0.5	4
7	Procurement professionals certified	1	1	0.5	0.5	1	4
8	Quarterly departmental development plan monitoring reports prepared and published	1	1	0.5	0.5	0.5	3.5
<b>TOTAL</b>		<b>20</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>40</b>

❖ **DLIs with description, baselines and their respective targets are provided in Annexure-II.**

## Annexure-I

### 1). Validation of the achievements of the Project Development Objectives (PDOs):

The overall objective of the project is to strengthen public sector performance through improved revenue generation and expenditure management. The following are the PDO Indicators with their target values:

<b>Project Development Objective Indicators</b>									
S. No	Indicator Name	Baseline	Target Values					Responsibility for Data Collection	Validation Documents
			FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19		
1	Improved collection of Sales Tax on Services (STS)	39.4 billion PKRs (FY 13-14)	3.5%	3.5%	3.5%	3.5%	3.5%	SRB	Annual Financial Statements
<b>Description of Indicator:</b> Measures the overall performance of the Sales Tax on Services (STS) Collection. STS to be measured in real terms, as three and a half percent annual collection growth minus inflation. Performance is cumulative, and over or under-performance adjustable vis-a-vis preceding or succeeding years.									
2	Improved credibility of the budget	Variance is 13.48% for FY 11/12	13%	13%	12%	10%	10%	FD	Audited Financial Statements for the Year.
<b>Description of Indicator:</b> The variance between actual and budgeted expenditure composition during the last three years, excluding contingency items for the preceding fiscal year.									
3	Reduced time taken to process procurement contracts	82 days		5%	10%	10%	15%	SPPRA	SPPRA Monitoring Reports
<b>Description of Indicator:</b> Time taken to process procurement contracts proxies' procurement performance as measured by days taken from the first advertised tender to signing. Targets measure improvements against baseline; for targeted contracts of education, agriculture, health and irrigation departments with dataset as sampled in the "Review of Procurement Practices and Timelines in Specified Departments of GOS," dated Oct 2014, and as detailed in the operations manual.									

## Annexure-II

### 2). Validation of the achievements of the Result Indicators and Disbursement Linked Indicators (DLIs):

Intermediate Results Indicators									
S. No	Indicator Name	Baseline	Target Values					Responsibility for Data Collection	Validation Document
			FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19		
<b>Area 1: Increasing revenue mobilization through tax policy reforms and increased administrative efficiency in tax collection:</b>									
1	<b>Approval and initial implementation of Sindh Tax Revenue Mobilization Reform Plan (DLI)</b>	Tax Reform Plan approved in Feb, 2014	(i) FD has to publicly disclose the Sindh Tax Revenue Mobilization Reform Plan. (ii) SRB's collection of STS for FY2013/14 reached PKR 39.43 billion.	No Targets as its for FY14-15 Only			Finance Department	Financial Statement, Government Accounts	
<p><b>Description of Indicator:</b> Measures approval and implementation progress of STRMP.</p> <p><b>Validation Protocol (for DLI):</b></p> <p>Publishing means disclosure of the approved Sindh Tax Revenue Mobilization Reform Plan on the Finance Department website during FY 14-15. Approval means approval by the Chief Minister Sindh.</p>									

2	<b>Enhanced SRB human resources capacity for administration (DLI).</b>	Staffing & Training Plan is under development	SRB has approved an enhanced staffing and training plan and a human resources policy acceptable to the Association.	SRB has: <b>(i)</b> has hired and trained at least 50% of the staff sanctioned as per approved staffing plan; and <b>(ii)</b> carried out a third party review of the staffing plan and the implementation thereof.	SRB has: (i) approved a revised staffing plan as per the recommendation of the third party review; and (ii) has hired and trained at least 75% of the staff sanctioned as per the revised staffing plan.	SRB has: (i) has hired and trained at least 90% of the staff sanctioned as per revised staffing plan; and (ii) carried out a third party review of the revised staffing plan and the implementation	SRB has approved a revised staffing plan as per the recommendation of the third party review.	Sindh Revenue Board	SRB Documents
---	--	---	---	---	--	---	---	---------------------	---------------

**Description of Indicator:** Measures SRB human resources capacity development progress.

**Validation Protocols (for DLI):**

- Staff means staff of basic pay scale 15 or equivalent and above.
- Training means pre-service and in-service training conducted as required by the approved SRB training plan as amended from time to time.
- The staffing and training plan and HR policy, and any revisions, will be agreed with the Association.
- Year 2 report will review the adequacy of the staffing plan, the skills gap, the training systems and implementation of the staffing plan to meet the SRB human recourse capacity needs to meet the annual targets set by the approved tax reform strategy.

3	<b>Increased automation of SRB systems (DLI).</b>	Zero automated notices; Unique tax payer identification system does not exist; No third party linkages	SRB has developed and approved an automation plan for tax collection and administration	SRB has: <b>(i)</b> piloted the automation plan; <b>(ii)</b> Established linkages with third party databases; and <b>(iii)</b> carried out a third party review of the automation systems	SRB has: (i) implemented the automation plan; and (ii) carried out a third party database analysis.	SRB has: (i) issued all notices to at least 90% of non-compliant registered taxpayers in FY2017/18 through automated systems; (ii) carried out a third party review of the automation systems; (iii) reviewed the recommendations made by the foregoing third party review; and (iv) approved a follow-up automation implementation plan.	SRB has issued all notices to at least 90% of noncompliant registered taxpayers in FY2018/19 through automated systems.	Sindh Revenue Board.	SRB Documents
---	---	--	---	--	---	---	---	----------------------	---------------

**Description of Indicator:** Measures transparency of taxpayer obligations, effectiveness of systems for taxpayer registration, tax assessment, and collection of tax payments through increased automation of several key systems and in particular the number of notices sent through automated systems.

**Validation Protocols (for DLI):**

Automation means automated notice system, e-payment system, e-tax payer grievance Redressal mechanism, unique tax payer identification number (STPIN) system, and e-tax payer facilitation and education.

Automated notice system means the detection of a possible non-compliance condition in the tax payer's return through an automated system and the production of a notice by the system. SRB will have various automated system(s) in place to report conditions such as non-filing, short payment inadmissible (unverifiable or suspicious) input claim. Based on this detection the system will produce an automated notice which may be either dispatched electronically or with an officer's approval.

Tax identification number means a unique tax payer identification number.

- E-grievance redressal system means electronic mechanism to report citizen grievances through a call center or email. A third party service center should be operational with a mechanism to receive phone calls and emails, log complaints and report follow-up action to; (i) tax payer / citizen; and (ii) management with escalation protocol for no action.
- E-payment system means payment of taxes to a GoS tax collecting agency from a secure web based facility without the need to physically go to a bank, or government office.
- Linkages to government and other registration systems databases means coordinated analysis between SRB and other third party databases. Third party refers to entities whose databases are of interest to the tax authority for the purpose of tax assessment, consistent with the law and government policy. Possible third parties include FBR, NADRA, banks, other provincial tax collecting agencies, NADRA, SECP, gas and electricity utilities, telecom companies, professional bodies, schools, housing authorities etc.
- E-tax payer facilitation and education means use of ICT (internet, phones, emails, sms, etc.) to facilitate actual and potential taxpayers easy access to user friendly, and up-to-date information on the laws, regulations and procedures, making potential taxpayers aware of their liabilities, deadlines, arrears etc., and making available on SRB and government websites guidelines/pamphlets and other taxpayer education measures.
- Piloting means that minimum 25% of the relevant business is transacted through the automated system but does not include e-tax payer facilitation and education measures.
- Implemented means that minimum 90% of the relevant business is transacted through the automated system.
- Third party review of years 2 and 4 will audit the quality and effectiveness of the automation systems for improved tax administration and suggest recommendation.
- Third party review of year 3 will review the effectiveness and use of linkages of the third party databases with SRB systems

4	Increased tax base.	4800	5%	10%	15%	20%	25%	Sindh Revenue Board	SRB Reports
---	---------------------	------	----	-----	-----	-----	-----	---------------------	-------------

**Description of Indicator:** Measures the increase in the registration of the number of taxpayers to assess the increasing width of the tax base.

5	<b>Risk-based audits of taxpayers implemented (DLI).</b>	System Absent	SRB has developed risk-based criteria for carrying out taxpayer audits and fraud investigations	SRB has <b>(i)</b> conducted audits of taxpayers as per the risk-based criteria; and <b>(ii)</b> established a hit rate benchmark (baseline)	SRB has:  (i) conducted audits of taxpayers as per the risk-based criteria, resulting in: (A) a hit rate of 85%, or (B) a hit rate increase of at least 5% (against benchmark), during the initial nine months of FY2016/17; and  (ii) when applicable, initiated the	SRB has:  (i) conducted audits of taxpayers as per the risk-based criteria, resulting in: (A) a hit rate of 85%, or (B) a hit rate increase of at least a 5% (against the previous Fiscal Year's hit rate), during the initial nine months of FY2017/18; and  (ii) when applicable initiated the	SRB has: (i) carried out a strategic review to enhanced riskbased criteria objectivity; and  (ii) approved a compliance risk management strategy, in order to increase the audits' hit rate.	Sindh Revenue Board	SRB reports
---	--	---------------	---	--	---	--	--	---------------------	-------------



					corresponding fraud investigations.	corresponding fraud investigations.			
--	--	--	--	--	---	---	--	--	--

**Description of Indicator:** Measures use of risk targeted auditing of taxpayers as a key activity to improve compliance and deter tax evasion and also its success with the hit rate.

**Validation Protocol (for DLI):**

The risk based criteria for selection for tax payer audits mean audits and fraud investigations conducted on the basis of a structured systematic plan, clear risk assessment criteria, and related tax compliance and reporting requirements, with any revisions from time to time based on the outcomes of tax audits conducted approved by SRB, and agreed with the Association, with the aim to improve tax compliance.

- Hit rate means the percentage of audits that result in meaningful additional tax liabilities/assessments.

6	Improved SRB performance	Annual report-irregular, quarterly reports not published.	Annual report published.	Two quarterly reports and one annual report published.	Four quarterly and one annual report published	Four quarterly and one annual report published	Four quarterly and one annual report published	Sindh Revenue Board	SRB Website
---	--------------------------	---	--------------------------	--	--	--	--	---------------------	-------------

**Description of Indicator:** Measures disclosure of key performance information (defined as debt collection, appeals resolution, tax payer facilitation, pre-service and in-service training conducted, annual taxpayer satisfaction survey and revenue and number of active and inactive tax payers and revenue collected against category) for increased public oversight.

**Area 2: Enhancing performance of public financial management systems:**

7	Debt management systems instituted	Debt Management Systems do not exist.	External debt management procedure and operation manual for GoS notified.	<p>a) FD conducts sensitivity analysis of debt servicing estimates w.r.t exchange rate and interest rate;</p> <p>b) Publication of the above in the Budget Analysis for FY 2015-16.</p>	<p>a) FD debt database captures 100% information on debt servicing and disbursements</p> <p>b) FD constructs the debt stock based on this information and publishes it in the Budget Analysis for three years (FY16: Actual, FY17: RE,</p>	<p>a) FD publishes annual debt statistics bulletin in-line with international best practices having a lag of not more than six months.</p> <p>b) SN debt sustainability analysis approved by the Cabinet and published in the Budget Analysis.</p>	<p>a) Complete loan by loan debt stock (opening and closing) and flow details included in budget documents for FY 2017/18.</p> <p>b) Publication of annual debt statistics bulletin in-line with international best practices having a lag of not more than three</p>	Finance Department	FD monitoring reports
---	------------------------------------	---------------------------------------	---	---	--	--	---	--------------------	-----------------------

**Description of Indicator:** Measures the degree of implementation of the recommendations of the DeMPA reform plan.

8	Increased extra-budgetary releases captured in FMIS.	Not Available	Base line established	65%	75%	80%	90%	Finance Department	FD monitoring reports
<b>Description of Indicator:</b> Measures the percentage of extra-budgetary releases during the previous fiscal year entered by FD in SAP prior to payment.									
9	<b>Establishment of internal audit (DLI).</b>	Internal Audit function does not exist	<p>FD has:</p> <p>(i) established internal audit functions and identified the audit scheme(s), which can be revised from time to time; and</p> <p>(ii) allocated sufficient and adequate staff thereof, in numbers and with qualifications satisfactory to the Association.</p>	<p>FD has:</p> <p>(i) conducted an internal audit(s); and</p> <p>(ii) prepared a risk-based audit plan</p>	<p>At least three (3) Government Departments (in addition to the FD) have: (i) conducted internal audits; and (ii) submitted their internal audits reports to</p>	<p>(i) At least five (5) Government Departments (in addition to the FD) have: (A) conducted internal audits; and (B) submitted their internal audits reports to their PAOs.</p> <p>(ii) At least three (3) PAOs have</p>	<p>At least seven (7) Government Departments (in addition to the FD) have: (A) conducted internal audits; and (B) submitted their internal audits reports to their PAOs.</p> <p>(ii) At least five (5) PAOs have</p>	Finance Department	FD monitoring & audit report/Govt. Documents

						undertaken actions in response to the forgoing internal audit reports, within a month of receipt of such reports.	undertaken actions in response to the forgoing internal audit reports, within a month of receipt of such reports.		
--	--	--	--	--	--	---	---	--	--

**Description of Indicator:** Measures the degree of implementation of internal audit function to be established in GoS based on a plan to be adopted for staffing, mandate, and audit plans to focus on systemic issues.

**Validation Protocol:**

PAO means the Principal Accounting Officer of the department.

- Departments are any of the GOS departments identified under the Government of Sindh Rules of Business.
- The number of departments will be counted minus the Finance Department. Unique new departments will be counted towards achievement of results. Targets are not cumulative.
- Actions taken are any measures for policy or practice reform or training or counselling or punitive action taken by the PAO to correct the challenge identified by the internal audit.

10	<p align="center"><b>Transparency in budget formulation, allocation and execution (DLI).</b></p>	<p>a). Budget Strategy Paper not prepared</p> <p>b) One quarterly report submitted to the provincial assembly</p>	<p>FD has:</p> <p>(i) submitted to the Cabinet the Budget Strategy Paper for FY 2015/16; and</p> <p>(ii) submitted at least two (2) quarterly budget execution reports for FY 2014/15 to the Provincial Assembly, and published them in FD's website.</p>	<p>FD has:</p> <p>(i) submitted to the Cabinet the Budget Strategy Paper for FY 2016/17; and</p> <p>(ii) submitted all four (4) quarterly budget execution reports for FY 2015/16 to the Provincial Assembly, and published them in FD's website</p>	<p>FD has: (i) submitted to the Cabinet the Budget Strategy Paper for FY2017/18; and</p> <p>(ii) submitted all four (4) quarterly budget execution reports for FY2016/17 to the Provincial Assembly, and published them in FD's website.</p>	<p>FD has: (i) submitted to the Cabinet the Budget Strategy Paper for FY2018/19; and</p> <p>(ii) submitted all four (4) quarterly budget execution reports for FY2017/18 to the Provincial Assembly, and published them in FD's website.</p>	<p>FD has: (i) submitted to the Cabinet the Budget Strategy Paper for FY2019/20; and</p> <p>(ii) submitted all four (4) budget execution reports for FY 2018/9 to the Provincial Assembly and published them in FD's website.</p>	<p align="center">Finance Department</p>	<p align="center">FD documents/ website</p>
----	--	---	---	--	--	--	---	--	---

**Description of Indicator:** Measures transparency and legislative oversight through the budget cycle.

**Validation Protocol:**

Budget strategy paper means a document to be presented to the Cabinet by the Finance Department before preparation of budget proposals, laying out the main contours of the budget; including government's policies, priorities and strategic allocation of resources. Medium Term Fiscal Framework for GoS and key macro-economic assumptions must be included. .

- Budget execution reports means a detailed report providing information on budget allocation (original and revised) and actual expenditure incurred.
- The required BERs from the second to the fifth year of the program may include one BER from the last quarter of the previous fiscal year.
- Budget execution reports must be prepared and published within 60 days of the end of the quarter.
- Published means permanent disclosure on the FD website.

**Area 3: Strengthening public procurement performance:**

11	Contracts data entered in the procurement MIS	MIS does not exist	MIS developed, and tested.	25%	25%	50%	75%	Sindh Public Procurement Regulatory Authority	SPPRA reports
----	---	--------------------	----------------------------	-----	-----	-----	-----	---	---------------

**Description of Indicator:** Measures increased use of the procurement MIS for targeted contracts of the irrigation, health, agriculture, education, local government and works departments

12	Contracts processed through e-procurement modules	E-procurement system does not exist	E-procurement action plan developed and adopted.	System designed	System tested with major contracts of one department.	25%	50%	Sindh Public Procurement Regulatory Authority	SPPRA Reports
----	---	-------------------------------------	--	-----------------	---	-----	-----	---	---------------

**Description of Indicator:** Measures the percentage of high value contracts processed through e-procurement systems for targeted contracts of the irrigation, health, agriculture, education, local government and works departments to assess the implementation of the new e-procurement system.

13	<b>Procurement officials certified (DLI).</b>	No certification mechanism	SPPRA has: <b>(i)</b> developed a procurement certification action plan setting forth contents, and delivery mechanisms; and  <b>(ii)</b> notified the mandatory certification requirements.	SPPRA has: certified at least fifty (50) officers of grade BPS-16 and above.	SPPRA has: (i) certified at least two hundred (200) officers of grade BPS-16 of above; and (ii) carried out a third party review of the certification process.	SPPRA has certified at least three hundred (300) officers of grade BPS-16 of above	SPPRA has certified at least five hundred (500) officers of grade BPS-16 of above.	Sindh Public Procurement Regulatory Authority	SPPRA reports
----	---	----------------------------	---	--	--	--	--	---	---------------

**Description of Indicator:** Measures the increased capacity of the procurement staff.

**Validation Protocol:**

Certification program as defined in the training strategy approved by SPPRA board as amended from time to time and agreed with the Association.

- Staff is BPS 16 and above.
- Target is cumulative.
- Third party review will examine the adequacy and effectiveness of the certification program.

**Area 4: Strengthening management and transparency of the development portfolio**

14	<p><b>Quarterly departmental development plan monitoring reports prepared and published (DLI).</b></p>	Zero	<p>P&amp;DD has piloted the format of dashboard reporting on implementation of development schemes in at least one (1) Government Department</p>	<p>P&amp;DD has prepared and published at least two (2) quarterly reports on implementation of development schemes during FY 2015/16 for at least one (1) Government Department</p>	<p>P&amp;DD has: (i) prepared and published at least ten (10) quarterly reports on implementation of development schemes during FY2016/17 for at least four (4) Government Departments; and (ii) carried out a third party review</p>	<p>P&amp;DD has prepared and published at least sixteen (12) quarterly reports on implementation of development schemes during FY2017/18 for at least four (4) Government Departments.</p>	<p>P&amp;DD has: (i) prepared and published at least twelve (12) quarterly reports on implementation of development schemes during FY2018/19 for at least four (4) Government Departments; and (ii) carried out a third party review.</p>	<p>Planning &amp; Development Department, GoS.</p>	<p>P&amp;DD reports</p>
----	--	------	--	---	---	--	---	--	-------------------------

**Description of Indicator:** Measures monitoring capacity of P&DD with focus on the Bank portfolio.

**Validation Protocol:**

Format of data collection, reporting and disclosure the nature and number of schemes to be reported, as revised from time to time over the implementation years, will be agreed with the Association.

- Data collection from the field will include data collected with geo-tagged photos in prescribed format and frequency, including selective use of third party monitors and community participation.
- Departments for the purposes of this DLI are education, agriculture, irrigation, and one other department.
- Development plan is annual development plan schemes and any other WB-financed schemes including the sub-schemes of any umbrella scheme.
- Published means permanent disclosure on the P&DD website.
- Third party review will examine the usefulness of the ICT-based data collection for improved monitoring of civil works execution.
- The targets are not cumulative.
- Piloted means using ICT-based data collection efforts for any six districts for one targeted department.



15	Departments where geo-tagging of development schemes is implemented and information published	Zero	Geo-coding and photo enforced monitoring of development schemes is piloted.	1	i. 4 ii. Third party review conducted.	6	6	Planning & Development Department, GoS.	P&DD Reports
----	---	------	---	---	---	---	---	---	--------------

**Description of Indicator:** Measures improved spatial monitoring and planning capacity and increased transparency.

16	Departments with proactive feedback mechanisms established	Zero	Implementation arrangement, reporting and publishing  Formats established	1	i. 3 ii. Third party review conducted.	7	7	Planning & Development Department, GoS.	P&DD Reports
----	--	------	---	---	---	---	---	---	--------------

**Description of Indicator:** Measures implementation of proactive feedback mechanisms, where government contacts the citizens to elicit views on various aspects of service delivery, for increased citizen oversight of development projects.